

ADDENDUM**Decimal Currency Board
Reference Booklet series*****The future of the sixpence***

This booklet contains a reference to a changeover period after D Day, not exceeding eighteen months, during which it will be legal to conduct business (except banking) in either £sd or £p, and states that pennies, threepenny bits and sixpences will be demonetised at the end of this period.

On 20 April 1970, the Chancellor of the Exchequer announced that the sixpence will remain legal tender for a period of at least two years following D Day. Throughout this period adequate supplies of sixpences will be maintained by the Royal Mint, so that those who wish to use them can draw them from the banks in the usual way. Before the end of this period, in the light of experience, the Government will announce a decision as to whether the sixpence should cease to be legal tender at the end of the two years or continue as legal tender for 2½ new pence for a further period.

This booklet should be read taking into account the Chancellor's statement. Businessmen who need to make planning assumptions about the extent to which the sixpence will in practice circulate freely (as opposed to being legal tender) should read the report by the Board on 'The Future of the Sixpence' which was published on the same day (SBN 11 700504 5 price 4s 6d from HMSO plus postage.) Chapter VIII and conclusion (7) are particularly relevant. The Chancellor of the Exchequer said that he agreed with the Board's assessment of the likely course of events.

April 1970

LONDON

HER MAJESTY'S STATIONERY OFFICE



I THE BOARD'S TASK

Terms of reference

1. The formal request to the Board for advice on the future of the sixpence was conveyed in a letter to our Chairman from the Chancellor of the Exchequer on 23rd February. This reads as follows:

'As you know, the Minister of State announced in the House of Commons on 19th February that the Government intend to give further consideration to the question whether the sixpence should cease to be legal tender at the end of the transitional period provided for in the Decimal Currency Act, or whether it should be retained as legal tender for 2½p for a time after that to see whether it continues to be widely used.

I should therefore be grateful if the Decimal Currency Board could consider this question afresh and let me have their advice. The Board will no doubt take into account the views which have been expressed in the past and any new representations which may be made to them by retailers and interested bodies of all kinds including those which operate coin machines.'

Limitations of the investigation

2. The statutory duty of the Decimal Currency Board, as defined in the Decimal Currency Act 1967, is to facilitate the introduction of the decimal system and coinage provided for by that Act. Our role is largely an executive and not a policy-making one. We played no part in choosing the £-new penny system and only became involved in the selection of coin denominations to the very limited extent that the Government sought our advice in 1967 on whether there was a case for a 20p or 25p coin. The Government's proposal to recommend to Parliament a 2p rather than a 2½p coin had been announced before our appointment; we were not consulted, and did not expect to be consulted, about it. And we are not being asked to conduct an investigation into the case for a 2½p rather than a 2p now, although we shall inevitably have to deploy some of the arguments. Parliament's decision for a 2p was taken in July 1967 and, by the end of March 1970, 960 million coins of this denomination will have been minted out of a D Day target of 1,400 million.

3. Nor are we being asked to recommend now whether there should be a 2½p in addition to a 2p as a permanent feature of the decimal currency system. The question at issue is whether the sixpence should be demonetised with the penny and the threepenny bit at the end of the changeover period—which is the

effect of section 1(3) of the Decimal Currency Act 1969—or allowed to stay for some time afterwards, which could be achieved by Royal Proclamation re-denominating sixpence as a $2\frac{1}{2}$ p coin. The implication of keeping the sixpence for some time after the changeover period 'to see whether it continues to be widely used' is presumably that it might at some future date be decided to give it a more lasting place in the £p system. It would in effect be given a period of trial. But the point is that no decision to give the $2\frac{1}{2}$ p such a place in the £p system is intended at this stage.

4. We consider it desirable to stress our past responsibilities and our present limited remit because there have been misunderstandings about both.

II HISTORICAL SURVEY

The Halsbury Report—1963

5. It was on the recommendation of the Committee of Inquiry on Decimal Currency (the Halsbury Committee) that the Government decided for a £-new penny decimal system with a 2p rather than a $2\frac{1}{2}$ p coin. The Committee's report was published in September 1963 (Cmnd 2145) and the recommendation against a $2\frac{1}{2}$ p attracted very little interest; the press and the public were almost exclusively concerned with the broader controversy about the choice of a decimal system based on the £ rather than on a 10 shilling unit. Extracts from the Halsbury Report, which show how the Committee considered the case for a $2\frac{1}{2}$ p, are given in Appendix A. The Committee's views and recommendations have formed the basis of both Government and Board planning since the decision to decimalise the currency on the £-new penny system was announced in the House of Commons by the then Chancellor of the Exchequer on 1st March 1966.

The 1966 White Paper

6. The Government's own detailed coinage proposals were first outlined in the White Paper 'Decimal Currency in the United Kingdom' (Cmnd 3164), published in December 1966. On the sixpence, the relevant paragraph is as follows:

'41. The sixpence is a popular coin both with the general public and the slot machine industry. But a $2\frac{1}{2}$ new penny coin is an awkward denomination and experiments have shown that fractional coins make change-giving slower and more prone to error. In South Africa the previously popular threepenny bit became unpopular as a decimal $2\frac{1}{2}$ cent piece. Very few countries have $2\frac{1}{2}$ cent pieces; many have popular 2 cent pieces.'

Paragraph 25 of the same White Paper states that the sixpence will be withdrawn at the end of the changeover period.

The Decimal Currency Act 1967

7. The White Paper coinage proposals were given effect in the Decimal Currency Bill (now Act) 1967. Schedule 1 to the Act gives the specification for a 2p but does not provide for a $2\frac{1}{2}$ p. The $2\frac{1}{2}$ p (sixpence) did not form part of the chosen decimal system and would therefore disappear at the end of the changeover. Following Royal Assent to the Act in July 1967 the Board included this information in publicity material.

8. During the 1967 debates on the Bill there was considerable discussion about the comparative merits of various decimal systems and one of the arguments used for the 10s-cent system was that it would allow the sixpence to stay, quite naturally, as a 5 cent piece. No one pressed for a 2½p in the £-new penny system. Indeed, speakers on both sides seemed to assume that a sixpence equivalent was incompatible with a £-new penny system.

The Decimal Currency Act 1969

9. The sixpence figured prominently during the debates on the Decimal Currency Bill (now Act) 1969. In fact, interest in Clause 1, which, amongst other things, demonetised the sixpence at the end of the changeover period, with the threepenny bit and the penny, outstripped interest in any other aspect of the legislation. The White Paper 'Decimal Currency: The Change-Over' (Cmnd 3889), published in January 1969, made clear the Government's intention to demonetise at the end of the changeover. So did the Minister of State's opening speech in the House of Commons on Second Reading (30th January). However, there were suggestions during the debate, from both sides of the House, that the sixpence should stay for a longer period.

10. In Committee, during February and March, opposition to demonetisation stiffened—and there was growing support in some of the newspaper correspondence columns and in statements from some trade associations. An amendment seeking to exclude the sixpence from the demonetised £sd coins was defeated by the Government, though the entire Clause 1 was shortly afterwards rejected. On 27th March, when the House reinserted Clause 1 on Report, almost all the speeches on both sides were about the future of the sixpence.

11. In the House of Lords during April and May the debates at every stage concentrated on the sixpence, almost to the exclusion of other aspects of the Bill. On 1st May the House accepted an amendment which omitted the sixpence from the £sd coins to be demonetised; but the position was restored on Report on 13th May and the headline in *The Times* parliamentary report next day probably then reflected the general view: 'Final Verdict against the Sixpence'. Royal Assent was given on 16th May 1969 and machine companies and others thereafter made firm plans, on Board advice, which assumed the early disappearance of the sixpence after D Day.

The recent controversy

12. The latest surge of interest began with the London Transport announcement on 1st January 1970 of their tentative proposal for an Underground fare scale in shilling multiples and for a time there was widespread press interest.

The debate in the House of Commons on 19th February was on an Opposition motion 'that this House regrets the system of decimalisation of the currency to which HMG has committed this country' but in fact it was largely a debate about the future of the sixpence. The motion was defeated but the Minister of State at the Treasury announced that the Board would be asked to carry out an immediate reappraisal of the situation.

III THE CONDUCT OF THE INQUIRY

Consultation

13. We were anxious to carry out as full and as impartial an inquiry as possible in the few weeks we were given and our first move was to send a letter to about 250 representative organisations inviting their views on the subject. These included associations representing industry and commerce; retailers, transport operators and other cash-handlers; machine interests; banks and other financial institutions; nationalised industries; professional bodies; and a variety of consumer interests, social and welfare organisations. In addition, we issued our letter as a press release and a number of other organisations wrote to us and volunteered their views. We invited 20 of the major multiple retailers to tell us about their intended use of the sixpence after D Day so that we could make a realistic assessment of the extent to which it would in fact circulate to the public. We are grateful for the ready co-operation of all these organisations but in the short time available to us we were unable to hold discussions with them.

Other studies

14. We wanted to find out what ordinary people as well as businessmen think of the sixpence and we commissioned an opinion survey through the British Market Research Bureau. Some members of the public wrote to us and we gratefully acknowledge their help. In addition to our consultation with organisations, and our examination of the opinion survey and of our correspondence, we carefully studied the speeches made in Parliament during the debates on the sixpence early in 1969 and in February 1970 and we analysed press comment from both these periods.

The report

15. We summarise the evidence briefly in Chapter IV and then go on to consider in turn the cash-handling arguments (Chapter V) and the pricing arguments (Chapters VI and VII). It soon became clear to us that the future of the sixpence lies to a large extent in the hands of professional cash-handlers such as retailers and transport operators. We therefore consider in Chapter VIII how freely a 2½p coin would in practice circulate—both under present policy and a possible alternative one. In Chapter IX we examine how a change of policy would affect plans for the changeover, which are now well advanced in all sectors of the economy, and in Chapter X we list our main conclusions and give our recommendation that the sixpence should still be demonetised at the end of the changeover period.

IV SUMMARY OF THE EVIDENCE

General

16. In this Chapter we summarise in broad categories the general views put to us in evidence and also the results of our opinion survey. We draw general conclusions but do not deal with the arguments in detail. A list of all the organisations which gave us their views about the sixpence is given in Appendix B.

Industry, commerce, and local authorities

17. A total of 60 representative organisations received our letter of enquiry and rather more than half replied. The statistical details are as follows:

	<i>Approached</i>	<i>In favour of retention</i>	<i>Against retention</i>	<i>Neutral</i>
Manufacturing and wholesaling associations ...	24	5	6	—
Nationalised enterprises ...	24	2	8	5
Local authority associations ...	12	7	2	1

Few of the first two categories shown above are concerned with cash handling to any extent. The main exception is the Post Office. Local authorities have a wide range of interests which do include cash transactions.

18. Two associations in favour of retention were the Cocoa, Chocolate and Confectionery Alliance and the Cake and Biscuit Alliance. They saw the sixpence as significant in terms of single-coin sales and in progressive pricing steps. On the other hand the Confederation of British Industry and the Association of British Chambers of Commerce both expressed the view that the majority of industry would not favour a reversal now of the decision to demonetise the sixpence at the end of the changeover period. Nationalised undertakings against retention included both sides of the Post Office (Postal and Telecommunications). Local authority preference for retention is strongly influenced by the Institute of Municipal Treasurers & Accountants—who play an important role in co-ordinating local authority decimal planning and who point to machine conversion costs and the sixpenny charges for certain local services.

Banking and other financial organisations

19. Fourteen bodies were approached, of whom 9 replied. Of these, 7 were against retention and 2 were neutral. The British Bankers' Association were

strongly opposed to retention, arguing that there was no place for both a 2p and a 2½p and that it was much too late to contemplate a change of plan. Among this group there was general expression of the view that the sixpence would not circulate freely as 2½p and would be unwieldy in change-giving.

Machine interests

20. Eleven representative organisations were approached and replies were received from 6 of them. Of these, 4 strongly opposed retention; the principal arguments employed were that, as 2½p, the sixpence would not circulate freely enough to be of any practical value, and that planning and physical conversion of machines had gone too far. It was also pointed out that a considerable amount of money has been invested on the basis of the original decision and that a reversal of policy would reopen the question of compensation. Both the Automatic Vending Association of Britain and the Business Equipment Trade Association made these points strongly. The Office Machines and Equipment Federation also opposed a change. The 2 organisations in favour of retention—the Amusement Caterers' Association and the National Association of Cigarette Machine Operators—argued on the basis of the usefulness of the sixpence in avoiding the conversion of coin-operated machines; they made no comment on whether they thought the coin would circulate freely enough to be satisfactory for machine use.

Professional institutions

21. Nine institutions were approached and 8 replied. The 3 opposed to retention were the Institute of Directors, the Institute of Office Management and the British Institute of Management, who thought strongly that the sixpence had no part to play in a decimal system and that its retention would militate against a smooth changeover. One body replied in neutral terms. On the other hand, the 4 institutions representing professional accountants throughout the UK, and replying jointly through the Accountants Joint Parliamentary Committee, came out in favour of retention mainly because of the likely continuing demand for the sixpence for single-coin purchases.

Retail and other cash-handling interests

22. This group can be broken down into three main categories and the response can be summarised statistically as follows:

	<i>Approached</i>	<i>In favour of retention</i>	<i>Against retention</i>	<i>Neutral</i>
Representative				
Retail organisations	84	9	20	8
Interests representing				
sports and amusements	30	5	3	—
Transport interests	17	1	5	1

It will be seen that less than half the organisations approached made any response to our inquiry, but of those who did there was a large majority against retention.

23. Not all the respondents gave reasons for their opinion. Among the larger organisations which came out against retention there figure the Co-operative Union, and the constituent associations of the Retail Alliance. Those with a neutral or inconclusive view included the Retail Distributors' Association (RDA), the National Chamber of Trade (NCT), and the Multiple Shops Federation (MSF), reflecting a general division of opinion amongst their members. The RDA made it clear that the majority of members would not use the sixpence in decimal change. On the other hand the MSF reported that a majority of the members whom they consulted favoured keeping the sixpence. Evidence we received direct from the big High Street multiples and supermarkets is strongly against retention and against use of the sixpence as $2\frac{1}{2}$ p. There is no conclusive view among retailers of a particular type and in one case the Scottish federation was against retention whilst the corresponding English body was in favour. The National Grocers' Federation and the National Union of Small Shopkeepers, amongst others, favour retention of the sixpence.

24. The road passenger transport associations are opposed to retention of the sixpence. London Transport want it to stay and claim that retention would enable them to maintain a sixpenny minimum Underground fare for a time, but point out that unless the coin is widely used by the retail trade generally in change-giving, keeping the sixpence would be ineffective.

Consumer interests

25. Thirty-four organisations were approached but only 14 responded. Of these 8 were in favour of retention including the Consumer Council and the National Federation of Consumer Groups. Two were against retention and 4 either expressed an inconclusive view or felt that they had no useful comment to make. The principal arguments advanced by the retentionists were that keeping the sixpence would obviate the need for much machine conversion, help to keep machine prices stable and perhaps remove one opportunity for more general price increases. In the latter context particular reference was made to single-coin sales, and to ease of payment of such charges as 6d and 2s 6d.

The opinion survey

26. This survey was carried out among a nationally representative sample of 1,000 adults, divided into two groups of 500 each. The first group were simply asked to indicate whether they favoured the continued use of the sixpence after the change to decimal currency; the second were first given basic information about the introduction of decimal coins and their values, and the proposed

withdrawal of pennies, threepenny pieces and sixpences. They were then asked their view on whether the sixpence should be withdrawn or continue in use at the end of the changeover period.

27. The results showed that most people wanted the sixpence to be retained; 70% favoured this course, with 46% claiming to feel strongly on the subject, and the figure did not vary significantly with the amount of information given in advance. Of the group who were given background information, 24% were in favour of withdrawal, as opposed to 21% of those who were asked the question without previous briefing; 10% said they felt strongly the sixpence should be withdrawn. The highest figure favouring early withdrawal was that for men aged less than 45 (36%); the highest figure in favour of retention was that for women aged 45 and over (82%). A Gallop Poll survey carried out for the *Daily Telegraph* and published on 24th March suggested that 73% of the public wanted to keep the sixpence; an NOP survey published in the *Daily Mail* on 20th March put the figure as high as 82%.

28. Plainly there is public affection for, and attachment to, the sixpence and this is a factor which had to be given due weight in our final judgment. To help us in this judgment we extended the opinion survey to find the reasons why people wanted the sixpence to stay. When asked for their reasons, 25% of all respondents said the sixpence was 'handy', 'useful' or 'easy to handle'; 21% wanted to keep it for slot machines; and 12% wanted it because otherwise 'the cost of living might rise'. When people were given lists of reasons, however, and asked which they thought were most important, the main reasons chosen for keeping the sixpence were fears of price increases if it were not retained, the coin's wide use in coin-operated machines, and its usefulness in change-giving; in other words much the same reasons were advanced but greater weight was attached to the 'cost of living' argument.

Assessment of public attitudes

29. We understand why people want to keep the sixpence and we have probed in depth the arguments about change-giving (Chapter V), prices (Chapters VI and VII) and machines (Chapters VII and VIII). We attempt to show that the fears which the public now express will prove groundless and that the reasons advanced by the minority of the public who want the sixpence to go—that the coin does not fit into the decimal system, that there is no room for a 2½p as well as a 2p, and that change-giving will be complicated—will be seen, as time passes, to have greater force.

30. The fact that most people, when specifically asked early in 1970 for their reaction, say they would like the sixpence to stay does not, of course, show that there is a strong public conviction to that effect based on a careful analysis of the arguments for and against. Some of the arguments are, after all, technical ones. And those in favour of retention have naturally had more publicity. To put the opinion survey into perspective, we think it right to

draw attention to the fact that the future of the sixpence is not a matter of major concern to those members of the public who write to the Board. In the month following the announcement of our inquiry, and in spite of considerable publicity given to it, we received only 55 letters from the public about the sixpence—50 of them in favour of retention. This figure represents less than 2% of our total incoming mail of 2,785 letters during the same period. We received about 110 letters a week from the public about the 50p coin when it was first introduced in October 1969 and over 6,000 letters when the 5p and 10p coins were first introduced in April 1968.

31. Our real problem, however, is to try to forecast what people's attitudes will be in over two years' time when they have had a year's experience of using a 2p in their daily shopping and will also have used the sixpence as a 2½p. Judging by experience elsewhere, when the time comes, people tend to find decimal currency easier than they expect and they find links between old and new systems less important. We return to this important subject in Chapter VIII in connection with experience in South Africa.

General conclusions on evidence

32. From the relatively low response to our invitation and the high proportion of inconclusive answers, our first impression was that retention of the sixpence is not a matter of great concern to most organisations—or to most people—though we realise that our investigation was carried out quickly and that some organisations might not have had time to consult their members by the closing date which we fixed. Some organisations, of course, are not primarily concerned with cash transactions and others intend to avoid difficulties with the 2½p by simply not using it. But even amongst consumer interests, charitable, welfare and social organisations the response rate was low. From the business community we had only 26 unsolicited letters, 19 of which opposed retention of the sixpence; from political and non-business interests we had 9 unsolicited letters, 6 asking for retention.

33. Our second main impression was that, although consumer interests, like the general public, on the whole favour retention of the sixpence, the majority view amongst the business interests which wrote to us is now firmly opposed to keeping the coin beyond the end of the changeover period. Many of those who feel strongly on the subject are influenced by the considerable disturbance to their planning for the changeover which an alteration of policy on the sixpence might involve. Our third impression was that, apart from this planning point, the basic arguments have not in any way changed since both Houses of Parliament debated the future of the sixpence early in 1969. Those who favour retention—public and representative organisations alike—are mainly concerned about the effect of demonetisation of the sixpence on prices, particularly 'machine' prices, and about higher machine changeover costs. Those who oppose retention are mainly concerned with cash-handling arguments.

V CASH-HANDLING ARGUMENTS

General

34. In considering whether the use of the sixpenny coin as $2\frac{1}{2}\text{p}$ during the changeover period, or after it, is likely to assist the public and professional cash-handlers such as shop assistants, bus conductors and bank staff, we have to bear in mind that a coin is merely a counter used to pass value. Coins play no part in the assessment of value, or in determining whether a purchase should be made; they serve the purpose of exchanging value when the decision to buy has already been taken. The convenience of a coin must therefore be assessed by reference to factors such as ease of recognition amongst the other coins in use, its handling qualities, its likely frequency of use, and the manageability of its numerical value in the mechanics of payment and change-giving. In this Chapter we consider the sixpence only from the point of view of cash transactions. Pricing and machine arguments are dealt with in later Chapters.

Arguments for $2\frac{1}{2}\text{p}$

35. Arguments have been advanced which suggest the sixpence might be useful as $2\frac{1}{2}\text{p}$:

- (a) Very many sixpences are now in circulation (1,900 million). It is our second most common coin—after the penny—and it is of a very convenient size and weight for daily cash transactions.
- (b) Having an additional denomination of $2\frac{1}{2}\text{p}$ in the new system would reduce the average number of coins required to give change. In particular, paying or giving change for prices such as $2\frac{1}{2}\text{p}$, $7\frac{1}{2}\text{p}$, $12\frac{1}{2}\text{p}$, $17\frac{1}{2}\text{p}$ and so on would be easier.
- (c) Two $2\frac{1}{2}\text{p}$ coins could be used in combination in much the same way as two sixpences are now frequently used to make up the sum of 1s (5p). Three decimal bronze coins will be needed to make up 5p amounts.
- (d) In the face of many changes in coinage brought about by decimalisation, the retention of a well-known and popular coin would provide a link between old and new systems which would be particularly valuable and reassuring to those who will at first find the changes difficult.

Arguments against $2\frac{1}{2}\text{p}$

36. There are counter arguments to each of the above points:

- (a) A popular and useful £sd coin is very unlikely to retain its popularity and usefulness in the £p system unless it has a convenient numerical value (as,

for example, the shilling and florin have). On the contrary, other countries found the best way to tackle the changeover was to think decimally instead of striving to retain features from their £sd coinage which did not fit in conveniently with the decimal system. There is no reason why the 2p and 1p coins should not replace the 6d in popular esteem.

- (b) Although a 2½p coin would reduce the total number of coins required to make up all the amounts below 5p (1s) from 17 to 14, this would be at the cost of an increase from 3 to 4 in the number of coin denominations to be handled; the balance of informed opinion is that the cash-handling disadvantages of the extra denomination—particularly in view of its awkward fractional ending—would substantially outweigh the advantages (see paragraphs 39–41 below).
- (c) There is no advantage in using two sixpences (2½p) where one shilling (5p) would serve.
- (d) Those who wish to think initially in familiar £sd terms can do so; one purpose of the changeover period is to provide a time for adjustment from £sd to £p systems and during this period sixpences will remain legal tender. People will be able to use them in both £sd and £p shops.

The changeover period

37. All the above arguments have been put to us in evidence. We believe there is certainly advantage in keeping the sixpence during the early part of the changeover period, when people are becoming familiar with the new system and when they will be influenced by Board and other publicity emphasising sixpence as the lowest point at which the two currencies are interchangeable and urging that they use £sd coins in 'sixpenny lots' in £p shops. There has, however, never been any intention of demonetising the sixpence before the end of the changeover period.

38. Even in the changeover period it has been suggested that a coin which is clearly marked 'sixpence' and commonly referred to as such but which is in fact worth 'two-and-a-half pence' is a potential source of confusion—particularly for young children and for tourists—and its difficulty in this respect will increase all the time. There will be no opportunity of reducing this risk by issuing a number of newly minted 2½p pieces in place of sixpences (in the same way that 5p and 10p pieces have been issued since April 1968 in place of shillings and florins). No sixpences have been minted since August 1969 and it is most unlikely that minting will need to be resumed; sixpences are in good supply.

Longer-term considerations

39. In the longer term, the arguments, in our view, swing conclusively against a 2½p denomination. Theory, practical experiments, and the experience of other

countries all suggest that a $2\frac{1}{2}$ p would be an awkward coin denomination—far more awkward than a 2p. Inevitably, counting in units of $2\frac{1}{2}$ is more difficult and more liable to error than counting in units of 2; we do not learn a ‘ $2\frac{1}{2}$ times’ table at school. The difficulty would affect the ordinary shopper even more than the professional cash-handler. Demonetisation of the sixpence would help everyone; it is not just an aid to business efficiency. We believe that the Halsbury Committee were right to prefer a 2p and we believe that, once a 2p has been agreed upon, the case against a $2\frac{1}{2}$ p becomes very much stronger.

40. Designing a coinage—or devising change-giving patterns—involves striking a balance between, on the one hand, the use of a large number of different coin denominations with a reduction in the total number of coins and, on the other hand, the use of a small number of coin denominations with an increase in the total number of coins used (see paragraphs 393–396 of the Report of the Committee of Inquiry on Decimal Currency). The Halsbury Committee demonstrated that the best balance in a decimal system was given by having a sequence with a 2p or a $2\frac{1}{2}$ p—but not with both. The extra denomination tends to slow down cash transactions and it also involves additional work in storage, segregation, accounting and so on for both banks and cash handlers. Only in situations where there is a big concentration of cash transactions at exactly $2\frac{1}{2}$ p, $7\frac{1}{2}$ p, $12\frac{1}{2}$ p and so on would a $2\frac{1}{2}$ p coin be helpful.

Change-giving

41. Shop assistants do not calculate change by doing a subtraction sum. They are trained to ‘count up’ from the price to be paid to the amount tendered. The fact that sixpence is often a useful coin for change-giving now does not mean that a $2\frac{1}{2}$ p coin would be similarly useful. The easiest approach to counting up in £p is first to eliminate the $\frac{1}{2}$ p and then to work in whole numbers. For example, if a customer tendered 6s for a 5s 1d purchase, the natural £sd change would be to give two pennies (5s 3d), to add a 3d piece (5s 6d) and finally to add a sixpence (6s). But if a customer tendered 30p for a $25\frac{1}{2}$ p purchase, the natural £p change would be to give a $\frac{1}{2}$ p (26p), and to add two 2p coins (30p). The change could in theory be one $2\frac{1}{2}$ p and one 2p (using two coins instead of three) but the evidence is that this would not come naturally and that staff would not be trained to do it. In our view, many of those who state that the $2\frac{1}{2}$ p would be useful in decimal change-giving have failed to think their practices through in decimal terms and have assumed that a coin which is useful in £sd must also be useful in £p if it has an exact equivalent.

Conclusion

42. One advantage of decimalisation is that it enables us to have a simpler and more rational coinage system. We concluded from our consideration of the

cash-handling arguments that a 2½p coin circulating alongside a 2p would detract significantly from the benefits of the changeover for both professional cash-handlers and consumers and that the retention of the sixpence could only be justified if there were very strong countervailing considerations. In the following paragraphs we consider whether there are such considerations.

VI PRICES—GENERAL CONSIDERATIONS

General

43. Some people are afraid that decimal currency will mean an increase in the cost of living. This did not happen in Australia and New Zealand (where the lowest value decimal coins were also worth 1·2d) and there is no reason why it should happen here. But decimalisation may provide a tempting excuse for many of those who put up their prices for other reasons—all the more tempting because it is a change introduced by Government. In looking at the pricing arguments for keeping the sixpence we have to keep in mind that prices have been rising steadily for many years and that it is most unlikely they will suddenly cease to do so. Prices rise for a variety of complex reasons and coinage changes can only be a very subsidiary consideration.

Background of price increases

44. If we take the period of 23 years from 1947–1969, the pattern of the Index of Retail Prices is, with very few exceptions, one of continual increase. Only the pace of the increase varies. The base of the Index was reverted to 100 in 1947 and again in 1956 and 1962 so it is convenient to consider the changes in three phases:

from 1947–1955 inclusive the Index rose 54 points, an annual average of more than 6 points;

from 1956–1961 inclusive it rose 17 points, an annual average of almost 3 points;

from 1962–1969 inclusive it rose 34.4 points, an annual average of over 4 points.

Decreases in the monthly figures have been confined to the summer months; they are attributable to seasonal price fluctuations of items such as fruit and vegetables.

Previous coin withdrawals

45. During this period three coins have been withdrawn and demonetised: the farthing at the end of 1960, the halfpenny in August 1969 and the halfcrown at the end of 1969. These events do not provide an exact analogy with the removal of the sixpence—the farthing, for example, had long ceased to circulate freely by 1960—but it is worth pointing out that there is no evidence that any of these three changes had the slightest effect on the Index of Retail Prices. The farthing and the halfpenny were at the time of their demonetisation the lowest value coins in circulation, and, since they were not replaceable by other coins, prices with farthings and halfpennies in them had to be changed.

46. A price of 2s 6d can still be paid exactly in £sd coins even though the halfcrown has been demonetised, so it is not surprising that no effect on the Index can be traced. In this respect the loss of the halfcrown foreshadows the loss of the sixpence. The value of sixpence in the £sd system is precisely the same as 2½p in the £p system. A price of 2½p can be readily paid with £p coins in common circulation—a ½p and a 2p or a ½p and two 1p pieces. It is no more difficult than paying a price of, say, 4d or 5d now. There has been misunderstanding on this point and it is worth repeating: 2½p will be a price easily payable in decimal coins even when the sixpence has been demonetised, just as a sixpenny price can now be easily paid with threepenny bits and pennies when no sixpence is available.

Incidence of sixpenny price endings

47. It is argued that sixpence is a popular price now partly because it is a coin and that, if the coin is retained, there will be a greater incentive for manufacturers and retailers to maintain sixpenny price endings instead of rounding. We do not accept this contention; we believe that the importance of sixpence as an ending has been exaggerated, that in some trades it is rapidly declining, and that retention of the sixpence as a coin would have negligible effect on the trend. Sales through machines present special problems and are dealt with in Chapter VII; we consider first ordinary over-the-counter sales.

48. A recent survey by a nationally known research organisation showed that in April 1969 19% of cash transactions up to one shilling were for exactly sixpence. This is twice the average for all penny endings, but 20% of transactions were for fivepence—which can only be paid exactly with three or five coins. Since prices are constantly changing, there can be no advantage in basing a coinage on links between specific coins and specific prices.

49. Sixpence was at one time a very popular price in the chocolate and sweets business. But this is no longer so. In autumn 1967 about 20% of sales were at sixpence; in autumn 1968 this had declined to 17%; in autumn 1969 it had sunk to 7%. Indeed, by 1969, sales at sixpence and sevenpence were of equal importance and were only about half as frequent as eightpenny sales. The main factors in recent changes have been a rise in the price of cocoa and an increase in purchase tax. And where decimal currency has influenced price planning it has not in itself affected value for money; manufacturers have, for example, in the face of rising costs, tended to maintain product sizes and increase prices instead of holding prices and reducing product sizes.

Conversion of sixpenny price endings

50. We do not think that the absence of a 2½p coin will be used by traders as an excuse to round prices upwards and we believe it is unfair to them to suggest that it would. Already many concerns have declared their intention of playing fair and by D Day every shopper will know that the Government and the

Board expect traders, wherever practicable, to use the Shoppers' table in repricing goods and services—and every household will have copies of that table. Large display versions will be widely exhibited. No one should be in any doubt that sixpence is equal to $2\frac{1}{2}p$ and that a sixpenny price should be converted to $2\frac{1}{2}p$.

51. We realise there has been misunderstanding on this point; for example, we have seen suggestions that, without a sixpence, a $2\frac{1}{2}p$ price for newspapers would be inappropriate. If a newspaper costs sixpence the day before D Day, and assuming a price increase is not due for other reasons, the correct $\text{£}p$ price is $2\frac{1}{2}p$ —which will be just as easily payable in decimal coins as, say, a 5d price is now. Papers have sold at various prices in the past and when the price has been the same as a coin it may have been convenient—but it was certainly coincidental.

Longer-term price adjustments

52. Of course, in the long term new and 'popular' decimal prices will emerge in many shops and the awkward fractional endings corresponding to 1s 6d, 2s 6d, 3s 6d, 4s 6d and so on ($7\frac{1}{2}p$, $12\frac{1}{2}p$, $17\frac{1}{2}p$, $22\frac{1}{2}p$) will tend to be replaced by endings which fit in more neatly with the $\text{£}p$ system. This does not mean that prices will rise; what the popular prices will be is largely speculative and price changes will often be coupled with package changes to maintain value for money. Manufacturers and retailers, in a highly competitive field, will no doubt deploy to the full their marketing skills in promoting attractive lines selling at popular prices. Going decimal means thinking decimally. Indeed, if that is not done then the challenge and the opportunity provided by the changeover will be lost.

53. As an argument against retention of the sixpence as $2\frac{1}{2}p$, it has been suggested that this might tempt manufacturers to go for an 'all silver' price structure ($2\frac{1}{2}p$, 5p, $7\frac{1}{2}p$ and so on) whereas abolition of the coin might tend to keep prices down by encouraging the use of the 2p. We are inclined to doubt whether individual coins have any overall effect on price trends but this argument seems to us at least as valid as those which claim that the disappearance of the sixpence must put prices up.

The life of the new halfpenny

54. It has been suggested to us that the introduction of a $2\frac{1}{2}p$ coin would ensure that the $\frac{1}{2}p$ is used in pricing; without it the $\frac{1}{2}p$ would tend to die away more quickly. We do not think this reasoning is sound. The $\frac{1}{2}p$ is an important part of the $\text{£}p$ system, almost 1,000 million coins of that denomination are being minted, and it figures prominently in the Shoppers' table. A coin worth 1·2d plainly has an important part to play for many years in the pricing

of low-value goods; it will live on its own merits, not on those of a 2½p. The £sd halfpenny survived for several centuries without a twopence halfpenny piece.

Conclusion

55. In short, the retention of that essentially £sd coin, the sixpence, as 2½p would not, in our view, exert any beneficial effect on price structures or contribute to price stability. We believe that demonetisation at the end of the changeover period will have no overall effect on over-the-counter prices.

VII PRICES—MACHINE VENDING

General

56. An important difference between over-the-counter sales and machine sales is that in the latter case the mechanics of payment and change-giving are far less flexible. Machines which are designed to accept sixpences have to be changed if the sixpence goes and, because the $\frac{1}{2}$ p is a very small coin which does not readily lend itself to machine use, conversion to accept a 2p and a $\frac{1}{2}$ p will not generally be practicable, though it will be done sometimes. Moreover, in most areas of machine vending, single-coin operation has both marketing and technical advantages. Price changes are thus unavoidable and claims that demonetisation of the sixpence will lead to an increase in the cost of living are frequently supported by arguments based on trends in machine vending.

Machine changes in perspective

57. Three points need to be stressed. First, as we showed in Chapter VI, prices have a tendency to rise for other reasons and, if a machine which took a sixpence is converted to take, say, a 5p (1s) coin, it is wrong to conclude that the increase is attributable to decimalisation. Second, use of a higher value coin does not necessarily represent a price increase if the quantity of the article or service sold is adjusted to give value for money. Third, sales through machines are still a very small proportion of total sales—according to the 1966 Census of Distribution about one-tenth of 1% of total retail turnover. It seems clear that changes in sixpenny machines could have no measurable effect on price levels and on expenditure generally and there is therefore no need to allow machine sales to determine the future of the sixpence.

Number and variety of machines

58. In 1968 there were about 1,700,000 machines which were designed to accept the sixpence, representing at that time about 60% of all coin-operated or coin-handling machines. Machines which sell services include drying machines in launderettes, television rental meters, electricity meters and, very much in the public eye, parking meters and Post Office telephone coin boxes. Machines which sell commodities include chocolate, confectionery and chewing gum machines, machines which sell hot and cold drinks, machines which sell aspirins and similar products, and, again very much the object of public scrutiny, machines which sell Underground railway tickets. Amusement and gaming machines include one-armed bandits, pintables, juke boxes and kiddy rides. In addition, there are machines which sort coins, count coins or dispense change.

Appendix C lists the main types of machines affected, with an estimate of numbers and an indication of the method of conversion planned on the basis of the withdrawal of the sixpence. In the following paragraphs we discuss conversion plans for some of the main groups of machines and illustrate the first two points made in paragraph 57 above.

Television meters

59. Television prepayment meters represent the largest single category of machines affected by the sixpence, there being some 600,000 of them or over one-third of the total. The change from sixpenny mechanisms to shilling or florin mechanisms is well advanced and need involve no increase of charge to the viewer, who simply puts in fewer coins. The change was in any case inevitable in due course because of higher rental charges and of the viewers' preference for longer periods between coin insertions. Decimalisation has speeded the process but it has not caused it and this is a classic case of maintaining value for money; more time for more money in accordance with public preference.

Post Office telephone coin boxes

60. The 250,000 Post Office telephone coin boxes will on current plans be converted to take the 2p (4·8d) and the 10p coins. (Although the 5p will not be usable it will, of course, be possible to insert two or more 2p coins.) Thus, even if there is a corresponding reduction in the time available, the cost of the minimum length of call will drop. We do not understand why the Post Office Users' National Council have objected to this scheme, particularly as it is clear that the Post Office are sacrificing revenue to introduce it.

Parking meters

61. Parking meters, a third example of a service vending machine, at present make considerable use of the sixpence. There are about 50,000 meters in the United Kingdom and approximately half of them are in London. For general reasons of road pricing, and because of the uneconomic nature of many meter parking schemes with their supervisory manpower, local authorities have been anxious for some time to increase parking charges. But sometimes decimalisation has been given as the reason for making proposals to increase charges. In fact—and the Westminster City Council is a case in point—charges have been increased for economic reasons and because of road pricing policy. It is, of course, possible to give twice as much time for 5p (1s) as for sixpence so that value for money is unchanged and surveys have shown that few suffer because only a small number of users park for the minimum period of time which can be bought for sixpence.

62. But there is no technical reason why parking meters need to be changed to 1s (5p) amounts; the new decimal coinage provides adequate coins for a more

flexible pricing approach and nearly two years ago the Board, in discussions with representatives of the local authority associations and the Ministry of Transport, recommended standardisation on 2p and 10p coins. It is parking policy and economics, not decimalisation, which prevented this proposal from being accepted.

Vending machines for chocolate, sweets and toilet preparations

63. There are about 100,000 machines supplying aspirins, indigestion tablets and toilet preparations and a further 100,000 selling confectionery and chocolate. Conversion to 2p and 5p is already well in hand—with corresponding reductions or increases in the quantity sold in order to preserve value for money.

Beverage machines

64. Beverage and snack machines are increasing rapidly in number both on public sites and within firms and factories. There are now over 50,000 of them. They are comparatively modern machines, usually with mechanisms designed to accept more than one coin. We have been told of organisations whose current sixpenny price for beverages in factories will be reduced to 2p (4·8d) on decimalisation and where prices are subsidised this will no doubt be fairly common. Sometimes installation of a three-coin mechanism using the $\frac{1}{2}$ p, 1p and 2p will enable the price to stay at sixpence (2 $\frac{1}{2}$ p) and provide flexibility for future price changes. Against a background of rising costs, conversion to two-coin operation with a 2p and a 1p will probably also be widely adopted.

65. This is one important—and growing—field in which the future of machine vending lies in multi-coin operation and one drawback of keeping the sixpence is the technical complexity of catering for four low-value coins instead of only three. The Automatic Vending Association of Britain have told us that four-coin mechanisms are not produced for vending machines and that it might not be possible to solve the practical difficulties of design and supply in the short time left before D Day.

London Transport ticket machines

66. Machines which sell railway tickets are not numerous but they include about 2,000 on the London Underground. There has been considerable public controversy about the decimalisation of Underground fares and it is largely this which has focused attention recently on the future of the sixpence. The Board have no responsibility for London fares—or, indeed, for the prices of any specific commodities and services. We are, however, greatly concerned that decimalisation should not carry the blame for unpopular measures introduced primarily for other reasons and we should therefore like to describe the situation as we see it.

67. On 1st January 1970 London Transport disclosed in answer to a press question that they were considering a change to an Underground fare structure in one shilling multiples—that is, with a minimum fare of 1s (5p) instead of the present sixpence. In the ensuing press comment decimal currency carried most of the blame and people derived little consolation from London Transport assurances that it would be possible to introduce such a fare structure without increasing the overall revenue from passenger fares. Less than 13% of their travellers pay the present minimum fare and the increase at this point could be counterbalanced by decreases in higher fares. Some travellers could avoid the 1s minimum on the Underground by 'hopping on a bus'—for which London Transport say that the minimum fare is likely to be lower, perhaps 3p (7·2d) (because whether or not the sixpence is retained a 2½p bus fare is probably ruled out on economic grounds).

68. Often overlooked has been a subsequent London Transport statement—and one which was stressed by their representatives in a recent discussion with us—to the effect that consideration of a fare structure in one shilling multiples was not dictated by decimalisation; such a structure has considerable attractions for London Transport, even in an £sd system, because it speeds up automatic fare collection and they would have sought to introduce it anyway, though probably not as early as 1971. When such a structure would have come without decimalisation and whether or not the total yield from travellers is increased if it now goes ahead are questions which depend on economic factors. We do not know enough about London Transport's economic position and the financial policy within which it is expected to operate to express a firm opinion, but the organisation has in recent years run at a substantial deficit, plainly the Greater London Council do not like this, and it seems clear that substantial fare increases will soon be needed on economic grounds.

69. London Transport have said it would cost £1 million to convert their automatic machines to take the decimal 1p and 2p coins—which would make a minimum fare of 3p (7·2d) practicable. This figure should be viewed against an annual revenue which exceeds £100 million. We do not see why conversion should be uneconomic—provided, of course, that the machines have a reasonably long useful life ahead of them. They would not have such a life if the shilling multiple structure is in any case to be introduced fairly soon. But we are anxious that no one should think the 1p and 2p coins are unsuitable for machines; the 1p is larger than the sixpence and the 2p larger than the shilling and all four are made to the same manufacturing tolerances. Both the 1p and the 2p are good machine coins, whether used singly or in combination, and will suit mechanisms similar, for example, to those which were designed to accept £sd pennies and which London Transport used until recently. Another technical possibility which would allow for a lower fare than 5p would have been standardisation on 2p and 10p coins—something on the lines of the telephone coin box conversion.

70. In short, we believe that economic factors and the attraction for automatic fare collection of standardisation on 1s and 2s (5p and 10p) coins are the dominant considerations for London Transport and that decimalisation without a coin equivalent to the sixpence need not of itself result in a doubling of the minimum Underground fare. And even with a 1s minimum London travellers as a whole would not necessarily be paying more in total.

Conclusion on machine prices

71. No price increases can be treated lightly and we are particularly conscious of their impact on those of limited means. Decimalisation will certainly disturb sixpenny machine prices and not all the changes will be popular. It is the fact of a doubling of the minimum Underground fare—or a doubling of the minimum parking fee—which hits the public; they are not primarily concerned with reasons and are not consoled by assurances that there may be compensating changes elsewhere. But we cannot accept that, given the limited overall impact of machine changes, it is right to seek to avoid them by giving a longer life to a coin which, in its decimal guise, would, as we saw in Chapter V, be a nuisance to all those who handle cash.

VIII WOULD A 2½p CIRCULATE ?

General

72. In Chapter V we considered the cash-handling arguments for and against a 2½p alongside a 2p and concluded that the balance was clearly against such a denomination. But practice is more important than theory. It might be said that none of the arguments used against the 2½p greatly matter if, in fact, people want such a denomination and it can circulate freely; it is for the Government to provide the coinage which people want instead of forcing them to accept some theoretical ideal. We recognise the force of this argument and we need to examine it against the background of known coin circulation patterns and the likely impact on them of decimal currency.

Coin circulation: the role of retailers

73. The public get almost all the small change in their pockets and purses from shops rather than from the bank or from pay packets. More than 80% of shopping transactions involve change-giving and the net flow of coins is from banks to shops; from shops to public; from the public mainly to the transport system and in small measure to coin-operated machines; and finally from transport and machine operators back to the banks. This broad circulation pattern has been confirmed by recent research, which showed that at the end of 1968 the average number of pennies, threepenny bits and sixpences held by each member of the population was about six, two of these being sixpences. Moreover, the velocity of circulation is high; people conduct on average about four cash transactions a day. Thus people get their sixpences in their change when they go shopping and they very quickly spend them.

74. Whether the sixpence circulates freely as 2½p depends almost entirely on whether shopkeepers who have switched to decimal trading will use the 2½p in their change-giving instead of confining themselves to the three decimal 'coppers'. This question seemed to us so important that, in our letter inviting views on the future of the sixpence, we specifically asked all associations representing retailers and other cash-handlers whether they would use the coin in this way—and we asked the large multiple retailers, which trade in almost every High Street, what their intentions were.

Retailers' plans

75. It is clear from the replies that, although some retailers will use the sixpence as 2½p in £p trading, the great majority of the large retail organisations, many of

which have studied their decimal change-giving practices very carefully, will not do so. Some who once intended to use the sixpence have revised their plans within the last year. We know of no major retail training schemes under which staff are instructed to use sixpence as $2\frac{1}{2}$ p in this way—except when they have no other coins available. The same is true of training schemes in the Post Office, British Rail, most of the road passenger transport industry and many other large cash-handling organisations. Some training programmes were probably drawn up not after an analysis of the defects of the $2\frac{1}{2}$ p but simply on the basis that, as the sixpence was not a part of the system, it was a waste of time to train staff to handle it for a comparatively short period. But, whatever the motive, concentration in decimal change-giving on the $\frac{1}{2}$ p, 1p, 2p and 5p is the general rule and in consequence the sixpence will have a very uncertain future as a $2\frac{1}{2}$ p coin.

76. Some organisations say they would alter their plans if there were a change of policy about the retention of the sixpence but at this late stage many would not. Training manuals have been written and the trainers have been, or are being, trained. We believe that a decision to let the sixpence decline at its own pace would make very little difference.

Likely decline in circulation

77. Of course, the sixpence will not disappear overnight. It will certainly be used as long as there are £sd shops and many small shopkeepers, amongst whom change-giving practices tend to be more flexible and less uniform, will also use it as $2\frac{1}{2}$ p. But, even if some use in this way the coins which they receive from customers, few will go to the trouble of ordering sixpences from the banks for decimal trading. The number in circulation after D Day will therefore drop dramatically as most shops put sixpences aside and pay them into the banks, drawing out only decimal coins.

78. There is little or nothing the Government could do to arrest such a rapid decline. Just minting more coins does not ensure their circulation, and urging retailers to order from the banks coins which they do not want is an unrewarding activity. For several years now the Government have been anxious to get more shillings into circulation yet, in spite of generous minting, the coin is still not used by retailers as frequently as one would expect. There is no reason to suppose that the general public, however much they might like to have sixpences, perhaps for machines, will insist that their shopkeepers supply them in change. People often want shillings now to put in gas and electricity meters but this public desire has not resulted in increased circulation of shillings.

The analogy with florins and halfcrowns

79. It is sometimes said that the concurrent circulation of the halfcrown and florin ($2\frac{1}{2}$ shillings and 2 shillings) for 120 years illustrates that there is in fact

scope for both a $2\frac{1}{2}$ p and a 2p and that both could and would circulate usefully. We do not accept this analogy. First, the halfcrown was not generally thought of and counted as a ' $2\frac{1}{2}$ '. Second, halfcrowns commonly circulated in pairs as five shillings because there was no convenient high-value £sd coin. Third, the fact of decimalisation will force cash-handlers to question the change-giving habits of a lifetime and, perhaps for the first time, to train staff in the simplest methods. Fourth, and most important, the £sd silver coins, until about 1952, were issued from the Mint to banks—and often from banks to customers—in mixed bags. Indeed, silver coins were for some time issued to a standard pattern in the ratios 4 : 3 : 2 : 1 by value for halfcrowns, florins, shillings, and sixpences.

80. Retailers' preferences were therefore not able to show themselves for a long period—and, when they eventually did, the florin quickly moved ahead. During the thirteen years from 1955 to 1968, the number of circulating half-crowns increased by only 10% whilst the number of florins increased by 60%. This increased use of florins coincided with an increase in staff training in change-giving techniques. The use of the 'count up' method largely excluded the halfcrown in the same way as decimal training programmes now exclude the $2\frac{1}{2}$ p.

81. The Board believe that the most important lesson we can learn from the history of the halfcrown is that a once popular coin can be withdrawn and replaced by other denominations without the public being inconvenienced. We believe the sixpence can die just as peacefully at the end of the changeover period as the halfcrown did at the end of 1969.

The South African 'tickey'

82. The history of the South African 'tickey' (3d bit) affords an instructive comparison. South Africa decimalised in February 1961 on a Rand-cent (10s-cent) system with a $\frac{1}{2}$ cent. For reasons very similar to those being advanced for a $2\frac{1}{2}$ p in Britain's £p system, South Africa decided to keep her very popular threepenny piece as a $2\frac{1}{2}$ cent piece—and no 2 cent was minted. There was a spectacular decline in popularity and a 2 cent piece was introduced in May 1965, as an experiment, to give the public an opportunity of expressing a preference between the two coins. The South African Government have told us that a survey in January 1966, seven months later, showed that the 2 cent 'had completely forced the $2\frac{1}{2}$ cent out'. It was then decided to eliminate a $2\frac{1}{2}$ cent coin from the new coinage introduced at that time though the old $2\frac{1}{2}$ cent coin remains legal tender.

83. Experience in South Africa was one factor which led Australia and New Zealand to opt for 2 cent pieces—and, incidentally, their popular threepenny

pieces (worth exactly $2\frac{1}{2}$ cents) also disappeared from circulation quickly, although as there was no $\frac{1}{2}$ cent in either country, the comparison is not as telling as the South African one.

The effect of machines on circulation

84. It is sometimes suggested that the 'tickey' does not give a fair comparison with the sixpence, partly because it was not used widely in coin-operated machines. But slot machines do not make a coin circulate freely; on the contrary, they tend to remove it from circulation. Sixpences put into coin-operated machines are as a rule paid into the banks and only get into circulation again if retailers ask for them. The present shilling does not circulate as freely as machine operators would wish and, as a result, some machines which sell at 1s are designed to take two separate sixpences. Machines are designed to take the coins which circulate; however many coins of a particular denomination are minted, no one can make them circulate to suit the machines.

The effect of a $2\frac{1}{2}$ p on the circulation of other coins

85. We believe that the sixpence will decline rapidly in circulation from D Day but that it will not disappear completely. However, we believe that, whether or not the present policy is changed, it will fairly early in the changeover period have declined to such a low level that it cannot be relied on by machine operators. And to the extent that it does continue to circulate it will be at the expense of the 2p and the 5p, both of them coins which will be needed by machine interests and of which the useful circulation might be seriously impaired. It would be paradoxical if an attempt to retain the sixpence as $2\frac{1}{2}$ p primarily to avoid changing sixpenny machines and machine prices should have the effect of keeping the circulation of both the 2p and the $2\frac{1}{2}$ p—and possibly also the 5p—at a level too low for machine operators to be able to rely on their customers having them. We believe that many machine operators would share the view expressed by the Telecommunications Headquarters of the Post Office: 'The last thing we would want is a kind of grey area where the sixpence and 2p were both in pretty general circulation. In that event our coin-boxes would never meet the needs of the public because the coin to be put in the box would with irritating frequency be the one the individual would not have in his pocket.'

Conclusion

86. We conclude, both from the known plans of retailers and the experience of other countries, that the sixpence is very unlikely to circulate freely as $2\frac{1}{2}$ p for more than a few months after D Day and that attempts to arrest this decline would have very limited success. To the extent that circulation of the sixpence could be maintained it would adversely affect the useful circulation of the 2p and 5p coins to the inconvenience of both the general public and the machine industry.

IX PLANNING CONSIDERATIONS

General

87. It is difficult, with less than a year to D Day, to examine the case for retaining the sixpence as 2½p entirely on its own merits. At least since May 1969, when the Decimal Currency Act was passed, many firms and other organisations have made detailed plans and incurred expenditure on the basis that the sixpence will be demonetised at the end of the changeover period. We cannot lightly set those plans aside and start afresh with a different assumption and it is noteworthy that several important organisations which at one time pressed for the retention of the sixpence do not now want it and others take the line that it is too late to change.

Minting progress

88. We have not explored minting problems in depth because we consider that the correct approach is to decide on policy grounds what decimal coins are needed and how the £sd coins should be withdrawn and then to make appropriate minting arrangements. But it is a fact that the Royal Mint have planned for a decimal minting programme which includes a 2p and which envisages very early replacement of the sixpence. About 960 million 2p coins will have been minted by the end of March and the blanks for most of the remaining 440 million estimated to be needed by D Day have been manufactured. One of the original arguments for a 2½p coin identical with the sixpence was that it would save money on the minting programme. This argument is no longer valid; indeed, any cut in the decimal bronze coin programme at this late stage would present the Royal Mint at Llantrisant with serious production problems and add to costs.

Machine planning

89. Plans have also been made by the business and coin-operated machine industries. Decimal coin-sorting and coin-counting machines and cash registers with automatic change dispensers make no provision for a 2½p and it is now too late to provide new machines which do so. Many sixpenny-operated machines have already been converted to take shillings; much money has been invested to ensure that the remainder can be converted soon after D Day. Something approaching half the money needed to convert or replace all sixpenny-operated machines has already been spent. The Post Office, for example, have told us that if they now left their pay-on-answer coin boxes

unchanged they would still have to pay about £2½ million in abortive contracts. This would be wasteful and the money would, of course, eventually have to come from telephone users.

90. Moreover, those who have made firm plans are the far-sighted and prudent who took Parliament's decision last year as final. If the sixpence now stays, they will claim that their money has been wasted, that their future revenue has been put at risk, and that their less enterprising competitors are benefiting from their own inaction. Both the Business Equipment Trades Association (BETA) and the Automatic Vending Association of Britain (AVAB) have told us that, if there is a change of policy, they intend to reopen the question of compensation.

91. Some coin-operated machine interests, for example the Amusement Caterers' Association (ACA), would still like to see the sixpence stay but there has been a significant swing of opinion the other way. The AVAB now oppose a change of policy and there is a growing realisation that the future of many sections of the vending industry lies not in single-coin mechanisms but in mechanisms which will accept a combination of low-value coins and which, in consequence, offer greater flexibility and greater resistance to future price changes. We agree that, although single-coin operation will always have attractions in some fields, the long-term health of the industry lies in a wider use of multi-coin mechanisms and that it would be a pity to set plans back by fostering hope that there is a future for a 2½p.

Bank planning

92. The banks are well advanced with their detailed changeover plans and 'would be very much against a change at this late stage'. In their evidence the British Bankers' Association point out that 'the banks have been subject to considerable costs relating to the proposed methods of packaging coin, the various fitments in our cashiers' drawers, the printing of credit slips and staff training material, both of which have already been finalised and specimens produced, and much of this work would be suspect if there was a change of plan. Additionally the whole question of the distribution of decimal bronze would be affected and in view of the problems we are already facing at this late stage in the operation, again any change of plan would greatly increase our problems. If the sixpence is retained many branches would be faced with storage problems of either surplus sixpences or decimal bronze coin and arrangements would need to be made with the Royal Mint for such coin to be returned to them.'

Industry, commerce, the retail trade and schools

93. Plans which have assumed early demonetisation of the sixpence are not confined to the Royal Mint, the banks and the machine industry. Many

training manuals, school text books, other publications and publicity material now exist which state demonetisation of the sixpence as a fact and which make no provision for a 2½p. If the sixpence is to stay, many of these publications will be out of date almost before they have come into use. Many detailed training schemes would have to be substantially amended—and again it would be the far-sighted firms who would suffer most. A last-minute change of plan would involve a considerable waste of resources—and more claims for compensation. There seems little doubt that at this stage the cost of a change of policy would exceed any savings.

Board planning

94. The Board's own planning and publicity have, of course, since the 1969 Act stressed the short life of the sixpence. Most of our publications state as a fact that the coin will be demonetised at the end of the changeover period and our booklets about cash-handling leave readers in no doubt that there is no 2½p in the £p series. We have always left it to retailers to decide for themselves whether to give the sixpence in change as 2½p once they have adopted decimal trading but we have pointed out that many large organisations have decided against doing so. At the same time we have strongly urged machine operators to convert sixpenny mechanisms to take other coins. In our examination of the arguments we have tried to avoid being influenced by these facts and we have, of course, made our judgment on other grounds.

95. Some organisations have suggested that, as there is a grave risk the sixpence will not circulate freely and as free circulation is essential, there is no point in changing policy and retaining the sixpence unless it is regarded as part of the £p system for the foreseeable future and treated as a seventh decimal coin; the Government and the Board should then actively encourage cash-handlers to use the 2½p. We think it right to stress that, with such a reversal of policy, it would not be possible in the few remaining months before D Day for the Board to rewrite and reissue all the relevant publicity material early enough for it to be of practical use. Many other organisations are no doubt in the same position.

96. We believe that the decision for a 2p rather than a 2½p and the subsequent decision for demonetisation of the sixpence at the end of the changeover period were both sound. But, whatever the original merits of these decisions, there is great force in the argument that it is now far too late to change them.

Certainty for planning

97. Planners need certainty. Uncertainty means indecision, delay and waste. The detailed preparations of the final months to D Day require clear, unequivocal policy assumptions. It does not help anyone now to be told that the sixpence might stay but that we cannot be sure how freely it will circulate. Planners want to know either that it will be demonetised, according to plan, at the end of

the changeover period, or that it will be freely available for a specified period afterwards. Since, as we have seen in Chapter VIII, the Government cannot guarantee that the sixpence will circulate freely as $2\frac{1}{2}\text{p}$, the only way of giving certainty is to reaffirm existing policy. A common view now is that certainty is more important than the sixpence.

The shape of the changeover

98. For some months the Board have repeatedly stressed that there will be a massive immediate swing to decimal trading, that the £sd pennies, threepenny pieces and sixpences will be quickly replaced by £p 'coppers', that the operation will for all practical purposes be over within a few weeks, that this is in everyone's interests because the period of dual-currency working has inherent inefficiencies and irritations which people will want to be rid of as soon as possible, and that the end of the changeover period will be a 'non-event', the mere legal recognition of what will have been established fact for some time. In consequence, we have argued that the sooner sixpenny-operated machines are converted to take decimal coins the better, and the smoother and quicker the whole changeover will be. We still believe this analysis is sound and that no policy changes should be made which would throw doubt on it and tend to prolong the changeover.

99. The main benefit claimed for keeping the sixpence is the avoidance of machine conversions and consequent price adjustments. The evidence, as we have seen, is that the conversion programme is well advanced and that price changes need not mean overall price increases. Since the coin cannot in any case be made to circulate freely enough as $2\frac{1}{2}\text{p}$ to avoid the need for very early machine conversion, there seems no point in trying to keep it at all. We believe the sixpence will decline rapidly after D Day and would not wish to do anything to arrest this trend but, naturally, we shall take account of its remaining useful life in recommending to the Government when the changeover period should be ended.

100. Our main conclusions and recommendations are summarised in Chapter X.

X CONCLUSIONS AND RECOMMENDATION

(1) A 2½p coin circulating alongside a 2p would detract from the benefits of decimalisation for everyone—consumers as well as professional cash-handlers—by tending to slow down cash transactions and to increase mistakes.

(2) The sixpence is essentially an £sd coin and its retention as 2½p would be likely to prevent manufacturers, retailers and machine operators from making the most of the marketing and technical possibilities of the new coinage.

(3) During the changeover period, throughout which it has always been intended that the coin should remain legal tender, the sixpence will for a time provide a reassuring link between old and new systems but, because of (1) and (2) above, the case for withdrawing it as soon as £sd cash transactions can cease and sixpenny-operated machines can be converted is very strong.

(4) Since a 2½p price can easily be paid in decimal coins, demonetisation of the sixpence will lead to no changes in the prices of goods and services sold 'across the counter'.

(5) The prices of goods and services sold by machine—which are a very small proportion of the whole—will have to be changed before the sixpence is withdrawn but the alternative to a sixpenny machine price is not necessarily 1s (5p). The 2p will be fairly widely used, for example in 250,000 Post Office telephone coin-boxes. There are also reliable mechanisms which take combinations of coins such as 2p plus a 1p. Where a 1s (5p) price is adopted, decimal currency may be given as the excuse but will rarely be the only reason; when decimalisation does play a major role, the price increase will be counterbalanced by an increase in the amount of the commodity or service provided, although we recognise that this is no consolation to those who want no more than the amount at present provided for sixpence.

(6) The Board realise that very many people, at this point in time, have an affection for the sixpence and that some trade associations and other representative organisations, in addition to consumer interests, would like it to stay. Our task, however, was to forecast public opinion in two years' time and we are convinced, judging by experience elsewhere, that after D Day, the sixpence in its new guise as a 2½p coin, will quickly decline in popularity and will be regarded as a nuisance. There has already been a swing of opinion in the business community and the majority of large representative organisations do not now want the sixpence to stay.

(7) It is probable that the sixpence will cease to circulate freely soon after D Day, even if present policy is changed, because many retailers will be reluctant to use it as 2½p in decimal change-giving. It will therefore be of little or no use to machine operators. There is nothing the Government can do about this. To the extent that a 2½p could be made to circulate after the changeover period, it would be at the expense of the 2p and 5p coins—which it is in the general interest to popularise.

(8) The assumption for 2½ years has been that the sixpence will be demonetised at the end of the changeover period, with the 1d and 3d bit, and in May 1969 this became a firm decision, enshrined in legislation, and backed by specific votes in both Houses of Parliament against retaining the coin for a longer period. Many plans have since been made, many commitments have been entered into, and much money has been spent. About half the money needed to convert or replace sixpenny-operated machines for example, has already been spent or committed. A change of policy now would penalise those who had acted on the decision of the Government and planned on the assumption of early demonetisation.

(9) Planners want certainty. Since there can be no guarantee that the sixpence as 2½p would circulate freely, the only way of giving certainty is by confirming existing policy. A policy of 'wait and see' would tend to hold up planning and prolong the changeover period.

(10) The unanimous and strong view of the Board is that the decimal cause would be best served if the Government immediately announced that they have no intention of changing the decision on which planning has so far been based—that is, if the Government reaffirmed that the sixpence will be demonetised at the end of the changeover period, whenever that might be.

EXTRACTS FROM THE REPORT OF THE COMMITTEE OF INQUIRY ON DECIMAL CURRENCY (THE HALSBURY REPORT)

Cmnd 2145, published in September 1963

The sixpence and the 2 cent coin

450. In paragraph 396 above we concluded that a $2\frac{1}{2}$ cent coin was sometimes tolerable in a decimal system with a $\frac{1}{2}$ cent. Some of the transitional considerations which made us decide to keep the shilling and florin might also be urged in favour of keeping a coin with the dimensions of the present sixpence as a $2\frac{1}{2}$ cent coin and not providing a 2 cent coin. A familiar and very popular coin would stay, with a familiar value; the difficulty of providing a new 2 cent coin of suitable size would disappear; a large number of coin-operated machines—vending and amusement machines in addition to gas and electricity meters—would not need to be modified. The sixpence is the third most frequently used coin in slot machines (after the shilling and florin); it is the most popular of all for several types of machine. The cost of changing all these slot mechanisms, assuming that for dual-coin gas and electricity meters the sixpenny slot could simply be ignored or blocked off, would be at least £3½ million. If Area Gas and Electricity Boards decided that ignoring slots or blocking-off were unacceptable because they deprived customers of the choice of two coins for their meters, then the cost would rise considerably, but we could not get a reliable estimate. The Gas Council and associations representing vending and amusement machines naturally prefer the sixpence to stay—particularly as the obvious replacement would be a 2 cent coin, worth only 4.8d of present money, and therefore likely to be less useful to them; in the light of possible further price inflation they would prefer a coin to be replaced by one of greater rather than lesser value.

451. We gave careful consideration to these points but concluded that a 2 cent coin should be preferred to one of $2\frac{1}{2}$ cents, although the sixpence could obviously circulate as $2\frac{1}{2}$ cents during the transition. We wanted to take advantage of decimalisation to design a coinage as near the ideal as possible and a 2 cent coin clearly fits more happily into the system than does one of $2\frac{1}{2}$ cents (paragraph 396 above). More important, Dr. Jones's experiments showed that 'fractional' coins such as $2\frac{1}{2}$ cents are more difficult for people to reckon with. Experience in South Africa, where the threepenny piece or 'tickey' was allowed to remain as a $2\frac{1}{2}$ cent coin in a 10s-cent system, shows that such coins tend to decline in popularity. The Post Office prefer the 2 cent denomination to the $2\frac{1}{2}$ cent one for their telephone coin-boxes.

**LIST OF ORGANISATIONS WHICH GAVE THEIR VIEWS TO THE
BOARD ABOUT THE SIXPENCE DURING THE INQUIRY**

Allied Suppliers Ltd.
Amusement Caterers' Association
Apparel & Fashion Industry's Association
Association of Amusement Park Proprietors of Great Britain
Association of British Chambers of Commerce
Association of Certified and Corporate Accountants
Association of County Councils in Scotland
Association of Deposit Societies
Association of Municipal Corporations
Automatic Vending Association of Britain
Automobile Association

Beckenham Constituency Labour Party
Bell Automatic Machine Company Ltd.
Bloomsbury Central Baptist Church
Booksellers Association of Great Britain & Ireland
Borough of Ealing Transport Association
Bowyers (Wiltshire) Ltd.
British Airports Authority
British Bankers' Association
British Disposable Products Association
British Federation of Master Printers
British Gaming Association Ltd.
British Hotels and Restaurants Association
British Institute of Management
British Insurance Association
British Jewellery and Giftware Federation Ltd.
British Overseas Airways Corporation
British Pencil Manufacturers Association
British Railways Board
British Stationery & Office Equipment Association
British Steel Corporation
British Transport Docks Board
Budgen & Company, Uxbridge
Building Societies Association
Business Equipment Trades Association

Cable & Wireless Ltd.
Cake & Biscuit Alliance Ltd.
Cambridge & District Cooperative Society Ltd.
Cash Register Traders' Association
Caterers' Association of Great Britain
Catholic Information Office
China and Glass Retailers' Association
Clarks Ltd.
Coal Merchants' Federation of Great Britain
Cocoa, Chocolate and Confectionery Alliance
Coin Acceptors Ltd.
Confederation of British Industry
Consumer Council
Convention of Royal Burghs
Cooperative Union Ltd., Parliamentary Committee
Counties of Cities Association
County Councils Association

Darenth & Stone Hospital Management Committee
Devon County Education Committee
District Councils' Association for Scotland
J. F. Dixon Ltd., Southend on Sea
Dorothy Perkins Ltd.
Drapers' Chamber of Trade

Edinburgh Corporation
Electricity Council
Envelope Makers & Manufacturing Stationers Association

Fags Ltd.
Federation of Ratepayers & Civic Associations, London Borough of Enfield
Federation of Wholesale & Multiple Bakers (Great Britain & Northern Ireland)
Finance Houses Association
Fine Fare Ltd.
Finlay & Company Ltd.
Friendly Societies Liaison Committee

Gas Council
General Post Office (Postal)
General Post Office (Telecommunications)
Glasgow Corporation
Gravesend District Chamber of Trade
Greater London Council

H. S. & J. G. Gwilliam, Wolverhampton
Hotel & Catering Industry Training Board
Horserace Totalisator Board

ICC Machines Ltd.
Imperial Cancer Research Fund
Industrial Life Offices Association
Institute of Chartered Accountants in England
Institute of Chartered Accountants in Ireland
Institute of Chartered Accountants of Scotland
Institute of Directors
Institute of Marketing
Institute of Municipal Treasurers and Accountants
Institute of Office Management
Institute of Park & Recreation Administration
International Stores Ltd.

Joscelyne & Sons, Braintree

Key Markets Ltd.

Charles Letts & Co. Ltd.

Licensed Grocers & Wine Merchants' Association of Scotland
Life Offices' Association
Littlewoods Mail Order Stores Ltd.
Lockerbie & Wilkinson (Birmingham) Ltd.
London Federation of Trade Councils
London Motor Cab Proprietors Association
London Transport
J. Lyons & Company Ltd.

MacFisheries Ltd.
Macpherson Bros. (Wales) Ltd.
Mail Order Traders' Association of Great Britain
Marks and Spencer Ltd.
Marple & District Chamber of Trade
Menswear Association of Britain
Milk Distributive Council
Multiple Shops Federation
Municipal Passenger Transport Association (Inc.)

National Association of Bingo Clubs
National Association of Cigarette Machine Operators
National Association of Goldsmiths of Great Britain & Ireland
National Association of Master Bakers, Confectioners & Caterers

National Association of Youth Clubs
 National Building and Allied Hardware Manufacturers Federation
 National Chamber of Trade
 National Coal Board
 National Corporation for the Care of Old People
 National Council of Social Service
 National Federation of the Blind of the United Kingdom
 National Federation of Business & Professional Women's Clubs of Great
 Britain and Northern Ireland
 National Federation of Consumer Groups
 National Federation of Ironmongers
 National Federation of Meat Traders' Associations (Inc.)
 National Federation of Permanent Holiday Camps Ltd.
 National Federation of Retail Newsagents, Booksellers & Stationers
 National Federation of Wholesale Grocers
 National Freight Federation (NFC) Ltd.
 National Greyhound Racing Society of Great Britain Ltd.
 National Grocers' Federation
 National Old People's Welfare Council
 National Pawnbrokers' Association (Inc.)
 National Pharmaceutical Union Group
 National Rejectors (UK) Ltd.
 National Saving Committee
 National Theatre Board
 National Union of Retail Tobacconists
 National Union of Small Shopkeepers
 Newspaper Publishers Association Ltd.
 North of Scotland Hydro Electric Board

 Office Machines & Equipment Federation

 Paper Towel Association
 Periodical Publishers Association Ltd.
 Perth (City Chamberlain)
 Pool Promoters Association
 Port of London Authority
 Post Office Users' National Council
 Poyser Sports, Nottingham
 Public Road Transport Association

 Radio & Television Retailers' Association (RTRA) Ltd.
 Rawlings, Shirley, Southampton
 Retail Confectioners Association
 Retail Distributors Association Inc.
 Ridgeway Ltd.

Royal Automobile Club
Royal National Institute for the Blind
Rubber Stamp Manufacturers' Guild
Rugby Football Union

Safeway Food Stores Ltd.
J. Sainsbury Ltd.
Scottish Association of Master Bakers
Scottish Federation of Fishmongers
Scottish Federation of Meat Traders' Associations
Scottish Gas Board
Scottish Grocers' Federation
Scottish House Furnishers' Federation
Scottish National Federation for the Welfare of the Blind
Scottish Pharmaceutical Federation
Scottish Radio Retailers' Association
Scottish Retail Drapers Association
Scottish Road Passenger Transport Association
Scottish Tobacco Trade Federation
Showmen's Guild of Great Britain
Shirehampton, Bristol, Community Council
W. H. Smith & Son Ltd.
Society of Master Printers of Scotland
South of Scotland Electricity Board
Southalls (Birmingham) Ltd.
St. Dunstan's

J. F. Taylor & Son Ltd.
Tesco Management Services Ltd.
Thamesweald Ltd.
Trustee Savings Bank Association

Ulsterbus Ltd.
Urban District Councils Association

F. J. Wallis Ltd.
Wine & Spirit Association of Great Britain (Inc.)
Women's Royal Voluntary Service
F. W. Woolworth & Co. Ltd.

York Consumer Group

MACHINES DEPENDENT ON THE SIXPENCE

Drying Machines in Launderettes (17,000)

The majority of these machines are operated by the sixpence and when the sixpence is withdrawn it will almost certainly be replaced by the shilling. It will be possible to increase the time of operation so that the customer still gets the same value for money and in many cases this would be advantageous because one sixpenny-worth is not sufficient to dry the contents of a large-size washing machine.

Television Meters (606,000)

The standard coin for these meters was the sixpence. Working on the understanding that the sixpence was doomed very quickly after D Day, the mechanisms are being replaced with ones which use the shilling or florin. Such mechanisms will still give value for money because the length of viewing time can be increased proportionally.

Parking Meters (50,000)

Parking meters have been designed to work on the threepence or all four cupro-nickel coins in the £sd series. Currently most utilise the sixpence but they are relatively simple mechanisms, the operation depending solely on the diameter of the coin, and there is no reason why meters utilising the 1p or 2p coins should not be introduced. There is no technical reason why the shilling must be the substitute for the sixpence; the general change to shilling operation is dictated by economics and by parking policy.

Change-Giving Machines (14,000+)

These machines are an important part of any vending or amusement machine complex. They are expensive because they must combine the complications of a vending machine with the security of a wall safe. They do not lend themselves to conversion and have to be replaced by a new machine. Now that the halfcrown has gone the machines must utilise the 2s (10p). If the sixpence is retained, machines can be arranged to dispense four sixpences for use for example in gaming machines. If the sixpence is not retained, the future of these machines is in doubt. There is little merit in giving $2 \times 5p$ for 10p and

indications are that the 50p will not be used. There will be some demand for a 2s (10p) machine giving bronze and design effort has already been expended in this direction.

Analgesic Machines (100,000)

The sixpence was by far the most popular coin for this type of machine but provision has already been made to convert such machines to work on the 2p or 5p coin. The commodities handled lend themselves to quantity adjustment so that the customer can still have value for money.

Chocolate and Confectionery (100,000)

For some types of confectionery sixpence is already an uneconomic price—so uneconomic in fact that many machines will be converted to a shilling. In some cases, however—particularly where the commodity sold consists of sweets in packets—quantity adjustment can be made and machines operating with the 2p coin are a possibility.

Hot and Cold Beverage Machines (40,000)

These machines represent a major problem to the commodity vending industry because 70% of them utilise the penny, threepence and sixpence in combination. The machines are expensive and represent a high capital investment. Because of the assumed demise of the sixpence, complete redesign of their complicated and expensive coin testing mechanisms has been necessary and very many firms are already committed to the purchase of large quantities of all-decimal mechanisms. This involves not only a change in the actual coin testing mechanism but also in the associated totalising devices.

If the sixpence is retained, it will have to be considered by the mechanism manufacturers in conjunction with the $\frac{1}{2}$ p, 1p and 2p coins. They will not be in a position to judge whether the $2\frac{1}{2}$ p or the 2p will be the popular coin and they must design their mechanisms accordingly. This means that they must make provision for the $\frac{1}{2}$ p, 1p, 2p and $2\frac{1}{2}$ p; in turn this means a four-coin rather than a three-coin requirement in coin testing mechanisms.

Snack Machines (14,000)

The foregoing applies to snack machines which use similar multi-coin acceptors.

Railway Tickets (5,000)

The most important machines in this field were the 2,000 used on the London Transport underground railways. These are sophisticated machines and, although currently working on the sixpence, shilling and florin, have in the past also operated with the penny and threepence. There is no technical reason

why they should not have been converted to make use of the 1p and 2p coins. In a less important field are the platform ticket machines. These are currently being converted from threepence to sixpenny operation with the intention of a further conversion at D Day to make them operate with a 2p coin. There is no technical reason why they could not have been converted to use the 1p coin, which is larger than the sixpence.

Milk Machines (100,000)

Although most machines operate on the sixpence, the current price of milk has already rendered these machines uneconomic. At the moment they are being altered to use the threepence and sixpence and in the long term will use the decimal bronze coins and will have sufficient flexibility to give value for money.

Electricity Meters (originally estimated at 100,000 but already much less)

Almost all sixpenny-operated meters are privately owned and are not the responsibility of the electricity authority. The manufacture of sixpenny meters has ceased and only shilling and two shilling models are now available. Again, the quantity of electricity can be adjusted to the coin used and the customer still gets value for money.

Post Office Telephones (250,000)

Most of these mechanisms utilise the sixpence and one shilling and had the sixpence been retained could have continued to do so. As it is, the mechanisms are being changed to 2p and 10p, the length of call or the distance over which a call may be made may be adjusted to suit the value of coin used.

Amusement and Gaming Machines (306,000)

Most of the large number of machines involved are fruit machines, pintables and juke boxes which depend entirely on the sixpence. If the sixpence goes, most of these machines will be made to operate on a shilling, provision being made for the number of 'plays' or the winnings to suit the higher value coin. Some of the more elementary machines may use the 2p.

Coin-Handling Machines (18,000)

General sorting and counting machines have built-in adjustments which enable them to accept any coin other than abnormally large or small ones. There are, however, a large number of important coin-dispensing machines which can only be manufactured to suit a pre-determined selection of coins and plans have been made which exclude the 2½p.

DECIMAL CURRENCY BOARD

The Future of the Sixpence

A Report by the Decimal Currency Board



L O N D O N
HER MAJESTY'S STATIONERY OFFICE
1970

Decimal Currency Board
Standard House
27 Northumberland Avenue
LONDON WC2 N 5AJ

The Rt Hon Roy Jenkins MP
Chancellor of the Exchequer
Treasury Chambers

26th March 1970

Dear Chancellor,

In your letter of 23rd February you asked the Decimal Currency Board to consider afresh whether the sixpence should cease to be legal tender at the end of the transitional period provided for in the Decimal Currency Act 1969, or whether it should be retained as legal tender for 2½p for a time after that to see whether it continues to be widely used.

2. I now attach the report which my Board have agreed. If it is your wish, we will arrange for the report to be printed as quickly as possible so that copies will be freely available as soon as the Government are in a position to make a final decision in this matter.

Yours sincerely,

(signed) FISKE
Chairman

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